

Improving the Skills Development Account System

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1. Overview

This study attempted to investigate the policy strategy for improving the Skills Development Account (SDA) system, implemented from the second half of 2008 as a pilot project. We focused on training market trends, monitoring & evaluation issues, lifelong learning career paths, and funding.

Firstly, we analyzed HRD-net DB for identifying new providers, the main target group. Secondly, we conducted an on-site network survey (Regional Labor Office, SDA training providers, non-SDA training providers at the same local area) to help us develop an understanding of the SDA delivery mechanism. Thirdly, we conducted a questionnaire survey among 600 training providers to measure training supply in advance.

2. Main Results

Through the SDA pilot project we found the intended effects at the early stage: the number of training courses was increased, the length of the training courses shortened, and the participants were more satisfied with training services than before. Additionally, many training providers newly entered the training provider market and tried to meet the training needs of job seekers & the job market. Other countries' experiences in training vouchers implied that the job seekers' rights to choose training programs were limited due to insufficient and imperfect information. Also, specific training courses such as cooking and foreign languages were favored among job seekers irrespective of employability. In this regard, it was strongly recommended to provide training counseling on the basis of better information.

The SDA system was not ready to be linked to a lifelong learning career path system because the current HRD-net focused on managing training providers and had not provided customized services for trainees. In the case of SDA funding, it was difficult to estimate the financial requirement at the early stage

of the SDA pilot project. It was desirable to follow the case of the past average year.

3. Policy Suggestions

Firstly, Labor Market Information (LMI) infrastructure should be re-designed to assist in the rational & relevant choices of job-seekers (for example, which training courses were required in the labor market, which training courses result in higher paying jobs).

Secondly, intervention is required between training supply and training demand at the local level. The best strategy at this time may be to relax the ETPL application at the local level. (In the case of some regions, EPPL may be applied as a minimal burden).

Thirdly, a performance management system should be established. Core performance measures are the entered employment rate; employment retention rate after six months; and earnings changes as representative indexes of training performance.

Finally, policy measures are needed to prevent the SDA misuse by job seekers. We recommend that there are limits placed on training opportunities every year.